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瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

DISCLOSEABLE TRANSACTION

DISPOSAL OF INTEREST IN SINOTHINK HOLDINGS LIMITED RELATING TO LOT 126, TAIPINGQIAO, SHANGHAI, THE PRC

The Board is pleased to announce that on 4 December 2013, Shui On Development (being the beneficial owner of the Sale Shares) and Taipingqiao Holding, both being wholly-owned subsidiaries of the Company, entered into the Sale and Purchase Agreement with China Life Trustees pursuant to which, subject to the fulfilment of the conditions precedent prior to Completion, (a) Taipingqiao Holding agreed to sell and China Life Trustees agreed to purchase the Sale Shares to be held by Taipingqiao Holding subsequent to the Corporate Restructuring and (b) Shui On Development agreed to assign the Intercompany Loan to China Life Trustees. The total consideration for the Disposal is estimated to be RMB3,323 million (approximately HK\$4,206 million) subject to adjustments based upon the assets and liabilities of Sinohink Holdings as at Completion, provided that the final total consideration shall not exceed RMB3,400 million (approximately HK\$4,304 million). Upon Completion, Sinohink Holdings will cease to be a subsidiary of the Company.

At Completion, Shanghai Xing Qiao and Shanghai Xintiandi will enter into the Asset Management Agreement pursuant to which Shanghai Xintiandi will provide certain asset management services to Shanghai Xing Qiao.

Pursuant to the Sale and Purchase Agreement, Taipingqiao Holding shall be entitled to exercise its right to buy back the Sale Shares and the Intercompany Loan during certain periods of time within seven years after Completion.

The applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%. Therefore, the Disposal constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, China Life Trustees and the ultimate beneficial owner of China Life Trustees are third parties independent of the Company and not connected persons of the Company. Macquarie is the sole financial advisor in relation to the Disposal.

INTRODUCTION

On 4 December 2013, Shui On Development (being the beneficial owner of the Sales Shares) and Taipingqiao Holding, both being wholly-owned subsidiaries of the Company, entered into the Sale and Purchase Agreement with China Life Trustees pursuant to which, subject to the fulfilment of the conditions precedent prior to Completion, (a) Taipingqiao Holding agreed to sell and China Life Trustees agreed to purchase the Sale Shares to be held by Taipingqiao Holding subsequent to the Corporate Restructuring and (b) Shui On Development agreed to assign the Intercompany Loan to China Life Trustees.

THE SALE AND PURCHASE AGREEMENT

Date

4 December 2013

Parties to the Sale and Purchase Agreement

- (a) Taipingqiao Holding;
- (b) Shui On Development; and
- (c) China Life Trustees

Assets to be disposed of

As a condition precedent prior to Completion, Taipingqiao Holding will acquire the Sale Shares from Shui On Development pursuant to the Corporate Restructuring. Upon completion of the Corporate Restructuring, Taipingqiao Holding will then dispose the Sale Shares to China Life Trustees acting as the trustee of China Life, and Shui On Development will assign the Intercompany Loan to China Life Trustees acting as the trustee of China Life.

Sinothink Holdings is currently the legal and beneficial owner holding the entire issued share capital of Sinoco Limited, which in turn owns 99% equity interest of Shanghai Xing Qiao, the project company that owns and develops Lot 126. Upon Completion, Sinothink Holdings will cease to be a subsidiary of the Company and China Life Trustees will be entitled to 99% attributable interests in Shanghai Xing Qiao.

Consideration

On Completion, the consideration for the Disposal payable by China Life Trustees is estimated to be RMB3,323 million (approximately HK\$4,206 million) subject to adjustments based upon the assets and liabilities of Sinothink Holdings as at Completion, provided that the final total consideration shall not exceed RMB3,400 million (approximately HK\$4,304 million).

The total consideration for the Disposal was determined based on arm's length negotiations between the parties with reference to, among other things, an independent valuation by Knight Frank Petty Limited of Lot 126 as at 31 December 2012 of RMB4,108 million (approximately HK\$5,200 million) assuming all construction works were completed as at the valuation date, and related loans, indebtedness and liabilities of Sinothink Holdings and its subsidiaries in total in excess of RMB900 million (approximately HK\$1,139 million) to be assumed by China Life Trustees.

Conditions precedent to the Completion

Completion is conditional upon the following conditions being satisfied (or waived as the case may be):

- (a) there is no material breach of any Taipingqiao Holding warranties under the Sale and Purchase Agreement;
- (b) there is no material breach by Taipingqiao Holding of any terms of the Sale and Purchase Agreement;
- (c) there is no material breach by China Life Trustees of any terms of the Sale and Purchase Agreement;
- (d) no material adverse change has occurred to Sinothink Holdings and its subsidiaries (taken as a whole) since the date of the Sale and Purchase Agreement;
- (e) Taipingqiao Holding and Shui On Development have obtained all necessary bank consents for the Disposal;

- (f) the additional Intercompany Loan of RMB70 million (approximately HK\$89 million) has been provided by Shui On Development to Sinothink Holdings and the relevant loan agreement(s) has/have been entered into; and
- (g) the Corporate Restructuring has been completed.

Completion

Completion shall take place on the fifth business day after the satisfaction (or waiver as the case may be) of all the conditions precedent to the Completion. Either party may terminate the Sale and Purchase Agreement by written notice to the other party if the conditions are not fulfilled within 120 days from the date of entering into the Sale and Purchase Agreement or such other date as agreed between the parties. Upon Completion, Sinothink Holdings will cease to be a subsidiary of the Company.

Call Option

During the following periods of time within seven years of Completion, Taipingqiao Holding shall be entitled to exercise the Call Option to buy back the Sale Shares and the Intercompany Loan:

- (a) on a listing of the shares of Taipingqiao Holding or one of Taipingqiao Holding's affiliates on a Qualified Stock Exchange;
- (b) the two-month period prior to the first anniversary of such listing;
- (c) the two-month period prior to the fifth anniversary of Completion; and
- (d) the two-month period prior to the seventh anniversary of Completion.

The total buy-back price will be the sum of (i) the total consideration paid by China Life Trustees to Taipingqiao Holding and Shui On Development for the Disposal and (ii) a return determined based upon the holding period of China Life Trustees and the IRR. If Taipingqiao Holding chooses to pay the buy-back price in cash, the IRR will be 9% per annum. If the shares of Taipingqiao Holding or one of Taipingqiao Holding's affiliates are listed, or are due to be listed, on a Qualified Stock Exchange and such entity holds certain specified property assets in Shanghai then, Taipingqiao Holding may choose to pay in a combination of cash and such listed or to be listed shares, in which case (1) the total IRR shall be 9.5% per annum and (2) the cash portion of the buy-back price will correspond to an IRR of 6% (or a lower percentage to be agreed by the parties) and the remaining balance will be paid to China Life Trustees with the listed shares, in each case in accordance with the terms and

conditions of the Sale and Purchase Agreement. If the actual holding period of China Life Trustees is less than three years, the buy-back price shall be calculated as if the holding period of China Life Trustee for the property has already been three years basis.

The Company will comply with the then requirements of the Listing Rules if at the time of the exercise of the Call Option any further announcement and/or shareholders' approval are required.

ASSET MANAGEMENT AGREEMENT

It is contemplated under the Sale and Purchase Agreement that Shanghai Xing Qiao and Shanghai Xintiandi will enter into the Asset Management Agreement at Completion. Pursuant to the Asset Management Agreement, Shanghai Xintiandi shall provide Shanghai Xing Qiao with the following management services:

- (a) administration services;
- (b) leasing/tenancy management services;
- (c) financial management services;
- (d) business management services;
- (e) business planning, positioning, marketing and investment management services (including intellectual property services);
- (f) communication with relevant government authorities;
- (g) facilities and equipment management services; and
- (h) property management supervision services.

A monthly management fee equivalent to 0.03% of the fair market value of Lot 126 as determined by an independent valuer as of the end of each calendar year shall be payable by Shanghai Xing Qiao to Shanghai Xintiandi for the above services. Based upon the information available as at the date of this announcement, such management fee is estimated to be, on an annualised basis, approximately RMB15 million (approximately HK\$19 million) for the financial year ending 31 December 2014.

The Asset Management Agreement shall be valid for a period of seven years after Completion unless otherwise terminated in accordance with the terms of the Asset

Management Agreement. Termination events include the scenario where Shanghai Xing Qiao performs under budget significantly and consistently for certain number of years without reasonable explanations in which case Shanghai Xing Qiao shall have the right to terminate the Asset Management Agreement.

SHUI ON DEVELOPMENT GUARANTEE

On Completion it is anticipated that Shui On Development will enter into a guarantee letter pursuant to which it will provide a cost guarantee to Shanghai Xing Qiao in relation to the development of Lot 126. Such cost guarantee shall terminate in the event project services are no longer being provided to Shanghai Xing Qiao by any member of the Group.

REASONS FOR THE TRANSACTION AND EXPECTED BENEFITS TO THE COMPANY

The Directors believe that the proceeds from the Disposal will improve the cash position of the Group and strengthen the consolidated balance sheet of the Company. A portion of the proceeds will be used to allow Shui On Development to develop existing and pipeline projects whereas Taipingqiao Holding and its holding company, CXTD, will also use part of the proceeds to enhance its current portfolio and seek market opportunities.

China Life Group is the largest insurance company in the PRC. Through the transaction, the Company and CXTD will broaden the opportunity for future collaboration and create a possible long term partnership with China Life Group. The Directors believe that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL INFORMATION ON SINOTHINK HOLDINGS

Based on the unaudited consolidated accounts of Sinotink Holdings prepared in accordance with International Financial Reporting Standards:

For the financial year ended 31 December 2011, the net profit before taxation and extraordinary items of Lot 126 was RMB155 million (approximately HK\$196 million) and net profit after taxation and extraordinary items of Lot 126 was RMB121 million (approximately HK\$153 million);

For the financial year ended 31 December 2012, the net profit before taxation and extraordinary items of Lot 126 was RMB262 million (approximately HK\$332 million) and net profit after taxation and extraordinary items of Lot 126 was RMB197 million (approximately HK\$249 million); and

For the six months ended 30 June 2013, the net profit before taxation and extraordinary items of Lot 126 was RMB389 million (approximately HK\$492 million) and net profit after taxation and extraordinary items of Lot 126 was RMB291 million (approximately HK\$368 million).

DETAILS OF GAIN TO BE ACCRUED AND PROPOSED USE OF PROCEEDS

The Group expects to accrue a gain of approximately RMB192 million (approximately HK\$243 million) before tax from the Disposal at Completion. Such gain is calculated based on the total consideration of RMB3,323 million (approximately HK\$4,206 million), the aggregate amount of (a) the net asset value of Sinotink Holdings of approximately RMB1,053 million (approximately HK\$1,333 million) and (b) the carrying amount of the Intercompany Loan of approximately RMB2,040 million (approximately HK\$2,582 million), and after taking into consideration the estimated transaction costs of approximately RMB38 million (approximately HK\$48 million) as at Completion. This estimation is based on the latest information available to the Directors, which is subject to change, and accordingly, the actual gain to be recognised may differ from the estimation as disclosed.

After deducting estimated transaction costs of approximately RMB38 million (approximately HK\$48 million), the net proceeds from the Disposal are estimated to be approximately RMB3,285 million (approximately HK\$4,158 million). The Company intends to apply the net proceeds from the Disposal to repay existing indebtedness and fund capital and other project related expenditures related to the Company's real estate development.

INFORMATION ABOUT THE COMPANY, TAIPINGQIAO HOLDING AND CHINA LIFE

The Company, through its subsidiaries and associates, is one of the leading property developers in the PRC. The Company engages principally in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

Taipingqiao Holding is a platform holding company of CXTD which is currently a separately managed, wholly-owned subsidiary of the Company, focusing principally on owning, managing, designing, leasing, marketing and enhancing premium retail, office, hotel and entertainment properties in affluent urban areas in the PRC.

China Life Trustees was founded in 1995 and a wholly owned subsidiary of China Life. China Life Trustees is one of the trustees approved by the Mandatory Provident Fund Authority to administer the registered Mandatory Provident Fund schemes

(MPFs) in Hong Kong. China Life Trustee's major business relates to unit trust schemes, MPFs and Occupational Retirement Schemes Ordinance schemes.

China Life is the first and largest PRC state-owned life insurance corporation that operates in Hong Kong and Macao and is a wholly-owned subsidiary of China Life Group, the largest life insurance company in the PRC. The total asset value of China Life is more than HK\$80 billion and its business covers insurance, investment as well as provident fund services.

The Directors confirm that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, China Life and the ultimate beneficial owner of China Life are third parties independent of the Company and not connected persons of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%. Therefore, the Disposal constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under the Listing Rules. Macquarie is the sole financial advisor in relation to the Disposal.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Asset Management Agreement”	the asset management agreement to be entered into between Shanghai Xintiandi and Shanghai Xing Qiao at Completion in relation to the provision of asset management services by Shanghai Xintiandi to Shanghai Xing Qiao
“Board”	the board of Directors
“Call Option”	the right of Taipingqiao Holding under the Sale and Purchase Agreement to buy back the Sale Shares and the Intercompany Loan during certain periods of time within seven years after Completion
“China Life”	中國人壽保險(海外)股份有限公司 (China Life Insurance (Overseas) Co., Ltd.), a company incorporated in the PRC with limited liability

“China Life Group”	中國人壽保險(集團)公司 (China Life Insurance (Group) Company Limited), a company incorporated in the PRC with limited liability
“China Life Trustees	China Life Trustees Limited, a wholly owned subsidiary of China Life
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Corporate Restructuring”	the corporate restructuring to be undertaken by the Company prior to Completion whereby the Sale Shares held by Shui On Development will be transferred to Taipingqiao Holding
“CXTD”	China Xintiandi Holding Company Limited, a company incorporated in the Cayman Islands with limited liability which is a wholly-owned subsidiary of the Company and the holding company of Taipingqiao Holding
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the related Intercompany Loan to China Life
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Intercompany Loan”	the intercompany loan includes the total principal amount of RMB2,003 million (approximately HK\$2,536 million) and all interest accrued on any principal included therein, extended and/or to be extended by Shui On Development to Sinohink Holdings Limited, among which the principal amount of RMB1,933 million (approximately HK\$2,447 million) has been provided and RMB70 million (approximately HK\$89 million) will be provided prior to Completion

“IRR”	internal rate of return
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lot 126”	Taipingqiao property development project in Huangpu District, Shanghai, the PRC with an estimated leasable and saleable gross floor area of approximately 79,000 square metres comprising commercial, office and retail properties, which is currently under development by Shanghai Xing Qiao and is expected to be completed between 2013 and 2014.
“Macao”	the Macao Special Administrative Region of the PRC
“Macquarie”	Macquarie Capital (Hong Kong) Limited, the sole financial advisor in relation to the Disposal
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macao and Taiwan
“Qualified Stock Exchange”	the main board of the Stock Exchange or any other stock exchange agreed by Taipingqiao Holding and China Life Trustees
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 December 2013 entered into between Taipingqiao Holding, Shui On Development and China Life in relation to the Disposal
“Sale Shares”	100 ordinary shares of US\$1.00 each representing the entire issued share capital of Sinotink Holdings held by Shui On Development at the date of this announcement and which will be transferred to Taipingqiao Holding pursuant to the Corporate Restructuring
“Shanghai Xing Qiao”	上海興僑房地產有限公司 (Shanghai Xing Qiao Properties Co., Ltd.), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company

“Shanghai Xintiandi”	上海新天地商業管理有限公司 (Shanghai Xintiandi Management Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Shui On Development”	Shui On Development (Holding) Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Sinotink Holdings”	Sinotink Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taipingqiao Holding”	Taipingqiao Holding Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.79. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 4 December 2013

As at the date of this announcement, the executive Directors are Mr. Vincent H. S. LO (Chairman), Mr. Freddy C. K. LEE (Chief Executive Officer) and Mr. Daniel Y. K. WAN; the non-executive Director is Mr. Frankie Y. L. WONG; and the independent non-executive Directors are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY and Mr. David J. SHAW.

** For identification purpose only*